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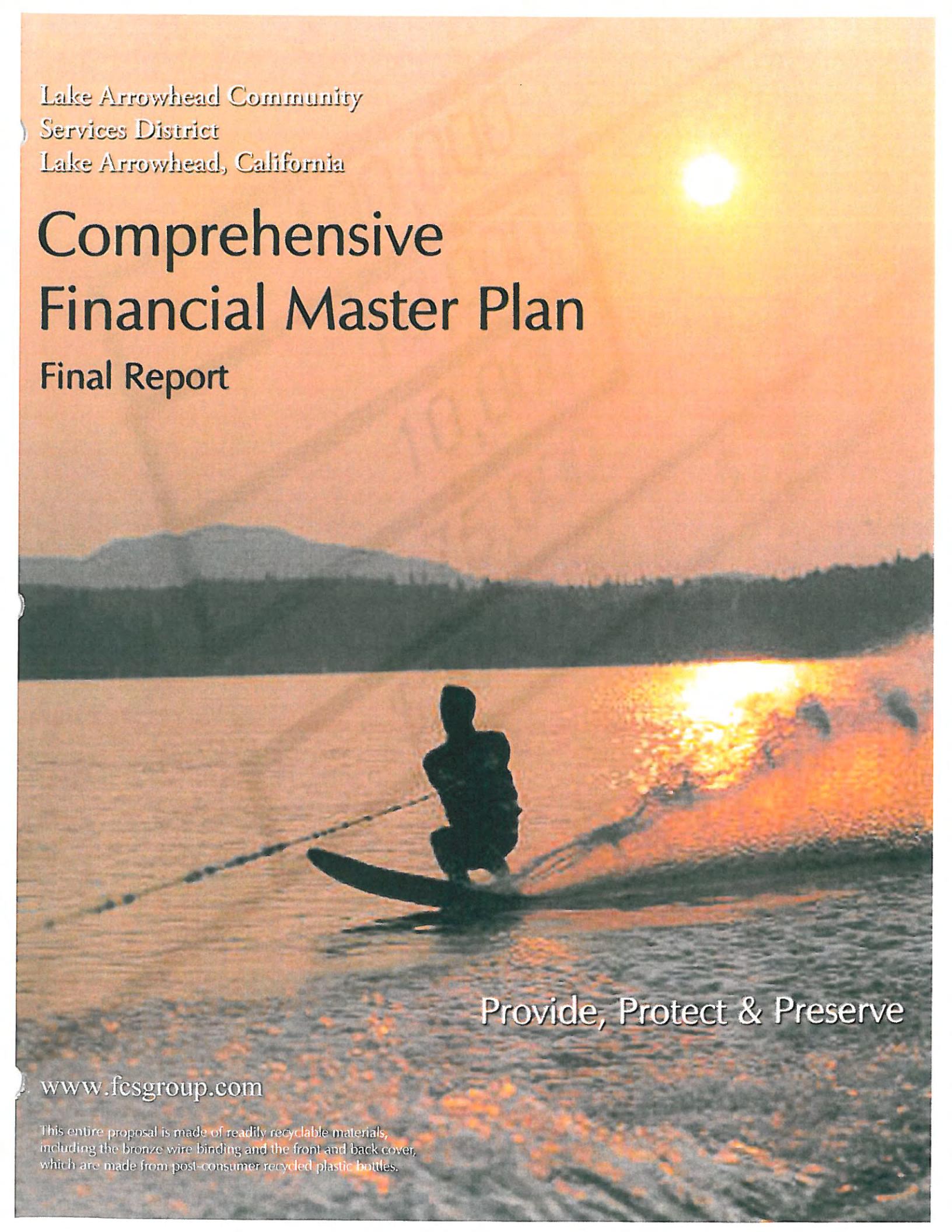
Appendix G

**LACSD 2008 Comprehensive Financial Master Plan Final Report  
Appendix Section 2**

Lake Arrowhead Community  
Services District  
Lake Arrowhead, California

# Comprehensive Financial Master Plan

## Final Report

A photograph of a person water skiing on a lake at sunset. The skier is in silhouette against the bright orange and yellow reflections of the setting sun on the water. A spray of water is visible behind the skier's skis. In the background, dark silhouettes of forested hills and mountains are visible under a hazy sky.

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**Lake Arrowhead Community Services District  
Comprehensive Financial Master Plan**

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Technical Appendix A: Fiscal Policies and Issue Papers

**Technical Appendix B: Water Enterprise Financial Plan and Cost of Service Rate Study**

Technical Appendix C: Wastewater Enterprise Financial Plan and Cost of Service Rate Study

Technical Appendix D: Recycled Water Pricing Options Issue Paper

Technical Appendix E: Deer Lodge Park Enterprise Financial Plan and Cost of Service Rate Study

Technical Appendix F: Accounting Review – May 5, 2007 Board of Directors Workshop Presentation



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# Utility Reserves

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Like any business, a municipal utility requires certain minimum levels of cash reserves to operate – these reserves address variability and timing of expenditures and receipts, as well as occasional disruptions in activities, costs or revenues. In addition, as a public service provider, a municipal utility has a commitment to provide an essential service at a certain standard. Therefore, protection against financial disruption is very important to a municipal utility, even more so than it would be for a private sector or non-essential counterpart. This issue paper outlines the nature and level of reserves that might be considered in the context of this mission. It then addresses the interplay and management of those reserves as they affect budgeting, accounting and rate planning.

Though virtually all utilities maintain reserves in some form, the segregation of those reserves can vary greatly between utilities. While a complete delineation of the functions of reserves is not always documented, the underlying purposes remain valid components of reserve management. Further, as reserve objectives are identified, the mechanisms for managing, using and replenishing those reserves become important elements of financial management.

When evaluating reserve levels and objectives, it is vital to recognize that the value of reserves lies in their use. It is apparent that a strategy that deliberately avoids the use of reserves negates their purpose. Fluctuations of reserve levels merely indicate that the system is working, while lack of variation strongly suggests that the reserves are in fact unnecessary.

## I. Defining Reserve Components and Functions

Common reserve types include:

### A. Operating (Working Capital) Reserves

This is essentially a minimum unrestricted fund balance needed to accommodate the short-term cycles of revenues and expenses. For rate modeling, it would be a minimum balance that is maintained through rate increases as necessary; for budgeting, it would be a minimum ending balance for the utility operating fund. For accounting, the balance would simply appear as part of unrestricted cash and investments.

Operating or working capital reserves provide a "cushion" which can be used to cover cash balance fluctuations. These reserves are intended to address both anticipated and unanticipated changes in revenues and expenses. Examples of the former include billing and receipt cycles, payroll cycles, and other payables; examples of the latter include droughts and other periods of low demand. It is often valuable to separate these two components conceptually, as each is based on assessing a different requirement or risk. This discussion of operating reserves focuses on working capital requirements related to monthly and seasonal fluctuations; the following discussion of rate stabilization reserves focuses on annual revenue risk.

Target funding levels are often characterized in terms of a recommended number of days of cash operating

expenses, with the minimum number of days varying with the expected risk of unanticipated needs – these are likely to vary among the utilities based on the relative volatility of revenues and expenses.

Water utilities that recover a significant portion of their costs through volume charges exhibit greater seasonality in their revenue collection and face a greater degree of revenue risk. Given that the expenses of a water utility are largely fixed, operating reserves may be used to cover deficits in the winter months (when lower demand results in lower revenues) until surpluses can be accumulated in the summer months (when higher demand results in higher revenues). Target operating reserve balances of 45 – 60 days (12 – 16 percent) of operating expenses are common.

Sewer utilities rely to a far lesser extent on water volumes, and specifically exclude the most volatile irrigation volumes from their rate basis. Therefore, sewer utilities do not require as much of a cushion – typically, operating reserves on the order of 30 – 45 days (8 – 12 percent) of operating expenses are appropriate.

Note that operating reserves are not necessarily meant to meet all cash needs. For example, reserves associated with debt repayment are usually kept in a separate debt reserve – this reserve, typically required by bond covenants, provides a static reserve against inability to pay. An accumulating debt repayment fund also holds accrual payments toward upcoming principal and interest payments. Given these features, it is unnecessary to maintain operating reserves against debt repayment. However, if LACSD does not maintain such debt reserve and repayment funds, it may wish to consider including the related debt repayment obligations in the expense basis used to calculate operating reserves.

#### B. Rate Stabilization Reserves

A form of reserve that has gained broad acceptance and use in the recent past is a “rate stabilization reserve.” Conceptually, this reserve is simple: deposit money in good years to have available to offset losses in bad years. The reserve would be based on the potential revenue risk during a severe water year, such as a drought with restrictions in use (demand curtailment).

The rate stabilization reserve is a restricted fund balance intended to be available to offset specific variations in revenues or expenses. It would be established by Board action with intended uses defined. It is structured to provide rate stability by mitigating unplanned variations in revenues and expenses. For rate modeling, planned deposits into the fund would appear as an expense, and use of the reserve would rarely appear in rate planning (only when analyzing adverse conditions).

In the past, this reserve has generally been incorporated into the operating reserve. Many water utilities would then maintain higher operating reserves, such as 75 to 90 days of expenses, to mitigate this risk. However, this approach had some material limitations. Most notably, utility use of revenue bonds requires specific annual financial performance (called bond coverage), which is measured on current revenues and expenses. For this purpose, consumption of reserves does not count as utility revenue. A further concern was more one of perception – the utility appeared to hold large reserves that could be perceived to be “excessive,” leading to resistance to appropriate rate increases. In addition large fund balances have the potential risk of State takaways.

The rate stabilization reserve helps to clarify and inform policy-makers and the public on the purpose and level of reserves. Specifying and quantifying the risk being managed enables an evaluation of the reserve level in terms of appropriate protection against that risk. This removes some of the ambiguity or subjectivity from the consideration of reserve levels.

As an example, a review of an extended water consumption history (climate adjustment factors) allows for use of

some simple statistical measures. The 95% confidence interval for poor water years ("one-tail" interval) is a 9.7% reduction in sales volume, meaning that 95% of all water years would be expected to exceed 90.3% of normal sales. A review of the relationship of water sales volumes to revenues suggests a comparable revenue reduction of roughly 10%. Normally, we would recommend a rate stabilization reserve equal to 2 times this factor, or 20% of annual revenues. This reserve can commonly be 10% – 25% (or more) of annual rate revenues or be tied to water conservation mandatory restrictions.

### C. Capital Reserves

The capital reserve is generally set in place to cover the large costs of anticipated capital projects. Capital projects include both repair & replacement and major capital projects. There are a number of ways that a target level for this reserve is established. Annual depreciation expense is frequently used to determine the minimum level of funding that should occur if a utility is to fund the minimum amount for renewal and replacement. It is important to understand that depreciation expense is an accounting concept for estimating the decline in useful life of an asset and does not represent the current replacement cost. Therefore, an optimal balance may consider an amount that is greater than annual depreciation expense to reflect the issue of replacement cost. Recognizing the significant costs associated with projects apart from the repair and replacement activities of the utility is an important component to setting a target reserve target. An alternative funding level to consider for this portion of the capital balance is one-year of average capital costs less renewals and replacements. This is accomplished through a review of the specific project costs that are anticipated in the near future. These future projects can then be pre-funded over time by setting aside designated annual amounts that will allow accumulation of the necessary funds by the time the project is scheduled. This approach to the capital balance is a method of attempting to level out the capital funding requirements, thereby eliminating peaks and valleys in the overall revenue requirements.

### D. Capital Contingency Reserves

In addition to protecting against variations in operating costs and revenues, it is prudent to establish and maintain a capital contingency reserve to meet unexpected emergency capital outlays. While it would be impractical to reserve against major system-wide failures such as an earthquake (utilities often hold insurance policies for such catastrophic events), it is reasonable and prudent to identify and quantify possible failures of individual system components. There are several ways to set the level of these types of reserves, including:

- Percentage of Utility Plant: As a rule of thumb, a utility may elect to hold a contingency reserve equal to a percentage of the total cost of its fixed assets, usually 1% to 2% of asset value.
- Most Costly Piece of Equipment: Alternatively, a utility may predict the cost of replacing the most expensive piece of equipment or facility that each utility relies on, such as its largest or most powerful pump, or most expensive stream or highway crossing, and reserve an amount equal to the cost of a major repair of that facility.
- Reliance on Other Reserve Resources: Many cities maintain "rainy day" funds as hedges against emergencies or unusual circumstances. In such cases, extending the applicability of these funds to utility emergency repairs could preclude the need for a separate utility contingency reserve.
- Use of Replacement Reserves: Essentially, the contingency reserve becomes a minimum balance in the utility's construction fund. If a replacement reserve has been separately funded, fund balances there can also be relied on for this purpose. Again, this would avoid the need for multiple reserves when the existing reserves can serve overlapping purposes.

- Rely on Risk Management Provisions: LACSD's insurance policy may cover the cost for emergency repair or replacement of utility facilities, in which case the sole issue would be timeliness of payment. However, some policies may limit coverage to catastrophic events, and may not cover operational failures. For example, a fire damaging a pump station may be covered; the motor burning out due to mechanical reasons may not.

E. **Bond Reserves**

As previously noted, bond covenants often establish reserve requirements as a means of protecting against the risk of nonpayment. A common reserve requirement is one year's debt service payment – the balance held in reserve for a particular debt instrument may be used to make the final payment on that debt instrument. A utility must fully fund such reserves as required by bond covenant, loan agreement or by surety bond.

Utility reserves are intended to absorb fluctuation in revenues or expenditures without abrupt rate impacts. As reserve levels vary, a policy structure can define the mechanisms for regulating those levels and returning them to intended targets. The general objectives of these policy elements are stable and predictable rates and funding sources, along with equitable recovery of costs from customers as they are being incurred (or accrued).

APPENDIX B:  
WATER ENTERPRISE FUND  
FINANCIAL PLAN AND COST OF SERVICE  
RATE STUDY

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**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Summary**

Revenue Requirements	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Changes for Services	\$ 2,087,207	\$ 2,097,776	\$ 2,108,344	\$ 2,118,912	\$ 2,129,480	\$ 2,140,048	\$ 2,150,616	\$ 2,161,184	\$ 2,171,753	\$ 2,182,321
Tiered Rates	2,536,140	2,548,981	2,561,822	2,574,664	2,587,505	2,600,346	2,613,187	2,626,028	2,638,870	2,657,711
Supplemental Water Fee	3,448,925	3,517,904	3,588,282	3,660,027	3,733,227	3,807,892	3,884,050	3,961,731	4,040,965	4,122,785
Water Resource Fee	311,400	311,400	311,400	311,400	311,400	311,400	311,400	311,400	311,400	311,400
Other Revenues	380,460	394,472	400,376	243,036	244,249	245,461	246,673	247,885	249,097	250,309
Interest Earnings	799,250	460,645	643,352	496,176	347,992	512,086	359,699	628,121	400,897	352,964
Capital Contributions	226,620	226,620	226,620	226,620	226,620	226,620	226,620	226,620	226,620	226,620
<b>Total Revenues</b>	<b>\$ 9,790,002</b>	<b>\$ 9,557,798</b>	<b>\$ 9,840,216</b>	<b>\$ 9,630,835</b>	<b>\$ 9,580,473</b>	<b>\$ 9,843,853</b>	<b>\$ 9,792,245</b>	<b>\$ 10,162,970</b>	<b>\$ 10,039,602</b>	<b>\$ 10,097,110</b>
<b>Expenses</b>										
Operations	\$ 1,258,975	\$ 1,303,039	\$ 1,348,645	\$ 1,395,848	\$ 1,444,703	\$ 1,495,267	\$ 1,547,602	\$ 1,601,768	\$ 1,657,830	\$ 1,715,854
Physical Plant Maintenance	209,590	216,926	224,518	232,376	240,509	248,927	257,640	266,657	275,990	285,650
Distribution Maintenance	765,710	792,510	820,248	848,956	878,670	909,423	941,253	974,197	1,008,294	1,043,584
Administrative Services	1,177,110	1,218,309	1,260,950	1,305,083	1,350,761	1,398,037	1,446,969	1,497,613	1,550,029	1,604,280
Engineering	155,490	160,932	166,565	172,395	178,428	184,673	191,137	197,827	204,751	211,917
Water Purchases and Related Expenditures	2,551,573	2,748,000	2,748,000	2,793,000	2,795,000	2,796,000	2,703,334	2,727,212	2,752,890	4,079,394
Existing Debt Service	931,870	928,696	936,798	941,461	940,337	937,912	936,575	935,995	933,885	400,954
New Debt Service	-	-	662,001	662,001	662,001	1,544,670	1,544,670	2,748,309	2,748,309	2,748,309
<b>Total Expenses</b>	<b>\$ 7,050,318</b>	<b>\$ 7,368,411</b>	<b>\$ 8,167,725</b>	<b>\$ 8,351,120</b>	<b>\$ 8,490,409</b>	<b>\$ 9,514,911</b>	<b>\$ 9,569,178</b>	<b>\$ 10,947,576</b>	<b>\$ 11,131,977</b>	<b>\$ 12,089,942</b>
<b>Capital Transfers Out</b>										
Supplemental Water Supply Fees										
Capital Contributions	\$ 1,421,017	\$ 1,311,897	\$ 1,401,225	\$ 1,492,624	\$ 1,586,145	\$ 1,681,842	\$ 1,874,434	\$ 1,951,767	\$ 2,030,642	\$ 2,111,092
	226,620	226,620	226,620	226,620	226,620	226,620	226,620	226,620	226,620	226,620
<b>Cash Flow Net Surplus (Deficiency)</b>										
% of Rate Revenue	\$ 1,092,047	\$ 650,870	\$ 44,647	\$ (439,528)	\$ (722,701)	\$ (1,579,519)	\$ (1,877,987)	\$ (2,962,993)	\$ (3,349,637)	\$ (4,330,544)
Coverage Surplus (Deficiency)	\$ 940,881	\$ 500,199	\$ 325,817	\$ (158,825)	\$ (441,885)	\$ (1,386,728)	\$ (1,685,061)	\$ (2,890,174)	\$ (3,276,807)	\$ (4,204,421)
% of Rate Revenue	0.00%	0.00%	0.00%	3.33%	9.37%	29.25%	35.37%	60.37%	68.12%	86.98%
Sufficiency Test Driving Rate Increase	None	None	None	Cash	Cash	Cash	Cash	Cash	Cash	Cash
<b>Annual Rate Adjustment</b>										
Rate Revenues After Rate Increase	\$ 4,623,347	\$ 4,917,818	\$ 5,288,574	\$ 5,687,139	\$ 6,115,589	\$ 6,576,155	\$ 7,071,234	\$ 7,603,401	\$ 8,175,422	\$ 8,790,265
Net Cash Flow After Rate Increase	\$ 1,092,047	\$ 976,143	\$ 721,354	\$ 616,728	\$ 743,319	\$ 328,735	\$ 507,394	\$ (62,988)	\$ 105,285	\$ (277,406)
Coverage Surplus (Deficiency) After Rate Increase	940,881	825,472	1,002,524	897,432	1,024,135	521,526	700,320	9,831	178,116	(151,282)
Coverage After Rate Increases	2.17	2.05	1.94	1.85	1.95	1.35	1.44	1.10	1.15	1.04

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Inputs & Assumptions**

<b>Economic Inputs</b>	<b>Fiscal Year Ending</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Annual Escalation Rates:</b>											
General Inflation		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Capital Inflation		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Fund Interest Earnings Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Customer Growth	40 new connections per Per ordinance 61	0.51%	0.51%	0.50%	0.50%	0.50%	0.50%	0.49%	0.49%	0.49%	0.49%
Supplemental Fee Growth		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Flat Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Reserve Inputs</b>											
<b>Fiscal Year Ending</b>											
Operating Reserve Fund		Fund 100									
Beginning Balance Per Source Documents		\$ 1,466,099									
Minimum Balance (Days of Operating Expenses) Plus: 6 months of water contract amount		\$ 30	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90
Rate Stabilization Reserve Fund		Fund 160									
Beginning Balance Per Source Documents		\$ 900,787	\$ 999,000	\$ 999,000	\$ 999,000	\$ 999,000	\$ 999,000	\$ 999,000	\$ 999,000	\$ 999,000	\$ 999,000
Minimum Balance (20% of operating revenue)		\$ 1,676,734	\$ 1,695,212	\$ 1,713,966	\$ 1,733,000	\$ 1,752,322	\$ 1,771,937	\$ 1,791,851	\$ 1,812,069	\$ 1,832,598	\$ 1,853,443
Supplemental Water Supply Fee Fund		Fund 191									
Beginning Balance Per Source Documents		\$ 5,611,215									
Water Resource Fee Fund		Fund 190									
Beginning Balance Per Source Documents		\$ 1,052,145									
New Facilities Fund		Fund 111									
Beginning Balance Per Source Documents		\$ 2,708,365									
Repair & Replacement Reserve Fund		Fund 120									
Beginning Balance Per Source Documents		\$ 3,102,815									
Minimum Balance (Replacement Cost Analysis)		\$ 1,617,246	\$ 1,681,936	\$ 1,749,213	\$ 1,819,182	\$ 1,891,949	\$ 1,967,627	\$ 2,046,332	\$ 2,128,185	\$ 2,213,313	\$ 2,301,845
Cash w/ Fiscal Agent		Fund 0									
Beginning Balance Per Source Documents		\$ 812,136									
<b>NEW CONNECTIONS PER YEAR</b>											
Number of connections		40									
Growth rate		7,860	7,900	7,940	7,980	8,020	8,060	8,100	8,140	8,180	8,220
ERUs (per Rate Model)		10,237	10,289	10,341	10,393	10,445	10,496	10,548	10,600	10,652	10,704

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Operating Budget**

	Escalation	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>											
Water Rate Revenue											
Water User Fees	Customer Growth	\$ 2,087,207	\$ 2,097,776	\$ 2,108,344	\$ 2,118,912	\$ 2,129,480	\$ 2,140,048	\$ 2,160,616	\$ 2,161,164	\$ 2,171,753	\$ 2,182,321
Tiered Rates	Customer Growth	\$ 2,536,140	\$ 2,546,981	\$ 2,557,852	\$ 2,574,864	\$ 2,600,346	\$ 2,626,028	\$ 2,658,731	\$ 2,686,027	\$ 2,717,711	\$ 2,751,964
Supplemental Water Supply Fee	Supplemental Fee Growth	\$ 3,448,925	\$ 3,517,904	\$ 3,588,262	\$ 3,660,027	\$ 3,733,227	\$ 3,807,892	\$ 3,884,050	\$ 3,961,731	\$ 4,040,965	\$ 4,121,755
Water Resource Fee	Flat Rate	\$ 311,400	\$ 311,400	\$ 311,400	\$ 311,400	\$ 311,400	\$ 311,400	\$ 311,400	\$ 311,400	\$ 311,400	\$ 311,400
Total Water Rate Revenue		\$ 8,385,872	\$ 8,476,060	\$ 8,563,828	\$ 8,665,002	\$ 8,761,612	\$ 8,859,686	\$ 8,959,253	\$ 9,050,344	\$ 9,162,988	\$ 9,267,216
Other Income	Customer Growth	\$ 162,600	\$ 162,820	\$ 163,641	\$ 164,461	\$ 165,281	\$ 166,101	\$ 166,922	\$ 167,742	\$ 168,562	\$ 169,382
Interest Income	Fund Interest Earnings Rate	\$ 759,250	\$ 460,645	\$ 643,392	\$ 498,176	\$ 347,902	\$ 512,086	\$ 359,659	\$ 628,121	\$ 400,897	\$ 352,984
Capital Contributions - Meters	Customer Growth	\$ 77,400	\$ 77,792	\$ 78,184	\$ 78,576	\$ 78,968	\$ 79,359	\$ 79,751	\$ 80,143	\$ 80,535	\$ 80,927
Capital Contributions	Flat Rate	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620
Capital Calculated	Calculated	\$ 141,060	\$ 153,860	\$ 156,552							
Total Other Revenues		\$ 1,406,330	\$ 1,081,738	\$ 9,840,216	\$ 9,840,216	\$ 9,665,833	\$ 818,861	\$ 984,167	\$ 832,892	\$ 1,102,626	\$ 876,614
Total Revenues		\$ 9,790,002	\$ 9,557,798	\$ 9,630,835	\$ 9,560,473	\$ 9,843,853	\$ 9,792,245	\$ 9,792,245	\$ 10,162,970	\$ 10,039,802	\$ 10,097,110
<b>EXPENSES</b>											
Water Enterprise Operations											
Administration	General Inflation	\$ 92,565	\$ 95,805	\$ 99,158	\$ 102,628	\$ 106,220	\$ 109,938	\$ 113,786	\$ 117,769	\$ 121,890	\$ 126,157
Repair and Maintenance	General Inflation	\$ 141,640	\$ 146,597	\$ 151,728	\$ 157,039	\$ 162,535	\$ 168,224	\$ 174,112	\$ 180,206	\$ 186,513	\$ 193,041
Treatment Plants	Calculated	\$ 276,604	\$ 281,211	\$ 334,431	\$ 366,657	\$ 402,956	\$ 439,619	\$ 454,456	\$ 469,428	\$ 487,435	\$ 600,103
Supplemental Water Treatment	General Inflation	\$ 153,625	\$ 159,002	\$ 164,567	\$ 170,327	\$ 176,288	\$ 182,458	\$ 188,844	\$ 195,454	\$ 202,295	\$ 209,375
Pump Stations	Calculated	\$ 186,152	\$ 201,452	\$ 239,577	\$ 262,563	\$ 286,656	\$ 314,951	\$ 332,927	\$ 356,285	\$ 379,886	
Subtotal	General Inflation	\$ 862,586	\$ 884,067	\$ 989,462	\$ 1,059,314	\$ 1,136,736	\$ 1,215,171	\$ 1,257,538	\$ 1,299,142	\$ 1,341,319	\$ 1,358,573
Water Enterprise Physical Plant Maintenance											
General Inflation	General Inflation	\$ 209,590	\$ 216,926	\$ 224,518	\$ 232,376	\$ 240,509	\$ 248,927	\$ 257,540	\$ 266,657	\$ 275,590	\$ 285,650
Water Enterprise Plant Maintenance General Inflation											
General Inflation	General Inflation	\$ 277,960	\$ 287,689	\$ 297,756	\$ 308,179	\$ 318,965	\$ 330,129	\$ 341,684	\$ 353,643	\$ 366,020	\$ 378,831
General Inflation	General Inflation	\$ 51,555	\$ 53,359	\$ 55,227	\$ 57,160	\$ 59,161	\$ 61,231	\$ 63,374	\$ 65,562	\$ 67,888	\$ 70,364
General Inflation	General Inflation	\$ 243,800	\$ 252,333	\$ 261,165	\$ 270,305	\$ 279,766	\$ 289,558	\$ 299,932	\$ 310,182	\$ 321,038	\$ 332,274
General Inflation	General Inflation	\$ 100,665	\$ 104,188	\$ 107,835	\$ 111,609	\$ 115,515	\$ 119,558	\$ 123,434	\$ 128,074	\$ 132,557	\$ 137,196
General Inflation	General Inflation	\$ 91,730	\$ 94,941	\$ 98,263	\$ 101,703	\$ 105,282	\$ 108,946	\$ 112,760	\$ 116,706	\$ 120,791	\$ 125,019
Subtotal	General Inflation	\$ 765,710	\$ 792,510	\$ 820,248	\$ 848,956	\$ 878,670	\$ 909,423	\$ 941,253	\$ 974,197	\$ 1,009,294	\$ 1,043,584
Water Enterprise Administrative Services											
General Administration	General Inflation	\$ 384,285	\$ 397,745	\$ 411,666	\$ 426,075	\$ 440,987	\$ 456,422	\$ 472,397	\$ 488,931	\$ 506,043	\$ 523,755
General Inflation	General Inflation	\$ 80,945	\$ 83,778	\$ 86,710	\$ 88,745	\$ 92,886	\$ 96,137	\$ 98,502	\$ 102,985	\$ 106,589	\$ 110,120
General Inflation	General Inflation	\$ 106,230	\$ 109,348	\$ 113,796	\$ 117,779	\$ 121,901	\$ 126,168	\$ 130,584	\$ 135,154	\$ 139,885	\$ 144,781
General Inflation	General Inflation	\$ 39,080	\$ 40,448	\$ 41,863	\$ 43,329	\$ 44,845	\$ 46,415	\$ 48,039	\$ 49,721	\$ 51,461	\$ 53,262
General Inflation	General Inflation	\$ 262,740	\$ 271,936	\$ 281,454	\$ 291,305	\$ 301,500	\$ 312,083	\$ 322,975	\$ 334,975	\$ 358,088	\$ 368,887
General Inflation	General Inflation	\$ 158,990	\$ 164,555	\$ 170,314	\$ 176,275	\$ 182,445	\$ 188,830	\$ 195,339	\$ 202,280	\$ 208,359	\$ 216,887
General Inflation	General Inflation	\$ 48,930	\$ 50,234	\$ 51,992	\$ 53,812	\$ 55,695	\$ 57,644	\$ 59,652	\$ 61,911	\$ 64,148	
General Inflation	General Inflation	\$ 96,295	\$ 98,665	\$ 100,154	\$ 106,764	\$ 110,501	\$ 114,368	\$ 118,271	\$ 122,514	\$ 126,802	\$ 131,280
Subtotal	General Inflation	\$ 1,177,110	\$ 1,216,809	\$ 1,260,950	\$ 1,305,083	\$ 1,350,761	\$ 1,398,037	\$ 1,446,869	\$ 1,497,613	\$ 1,550,029	\$ 1,604,280
Water Enterprise Engineering											
General Inflation	General Inflation	\$ 155,490	\$ 160,932	\$ 166,565	\$ 172,395	\$ 178,428	\$ 184,673	\$ 191,137	\$ 197,827	\$ 204,751	\$ 211,917
Water Purchases and Related Expenditures											
Water Conservation - Rebate Program	General Inflation	\$ 200,000	\$ 207,000	\$ 214,245	\$ 221,744	\$ 229,505	\$ 237,537	\$ 245,851	\$ 254,456	\$ 263,362	\$ 272,579
Water Conservation - Ongoing Programs	General Inflation	\$ 523,665	\$ 541,593	\$ 546,718	\$ 558,853	\$ 560,597	\$ 600,918	\$ 621,950	\$ 643,218	\$ 665,248	\$ 689,567
Subtotal	General Inflation	\$ 523,665	\$ 541,593	\$ 560,953	\$ 580,597	\$ 600,918	\$ 621,950	\$ 643,218	\$ 665,248	\$ 689,567	\$ 713,702
WWRP Annual Operating Costs											
CLAWA I	Calculated	\$ 72,013	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000
CLAWA II	Calculated	\$ 1,729,560	\$ 1,728,000	\$ 1,728,000	\$ 1,728,000	\$ 1,728,000	\$ 1,728,000	\$ 1,728,000	\$ 1,728,000	\$ 1,728,000	\$ 1,728,000
Groundwater	Calculated	\$ 6,982	\$ 128,765	\$ 140,349	\$ 140,556	\$ 143,574	\$ 142,413	\$ 143,798	\$ 144,314	\$ 145,621	
Public Information and Outreach	Calculated	\$ 226,335	\$ 208,907	\$ 189,037	\$ 169,403	\$ 149,082	\$ 128,050	\$ 116,816	\$ 119,964	\$ 123,323	\$ 128,893
Finance	Calculated	-	-	-	-	\$ 47,000	\$ 48,000	\$ 50,000	\$ 51,000	\$ 53,000	\$ 54,000
Personnel & Risk Management	Calculated	-	-	-	-	-	-	-	-	-	
Information Technology	Calculated	-	-	-	-	-	-	-	-	-	
Board Administration	Calculated	-	-	-	-	-	-	-	-	-	
Subtotal	Calculated	\$ 328,408	\$ 290,107	\$ 218,855	\$ 185,979	\$ 165,534	\$ 136,523	\$ 146,166	\$ 158,312	\$ 234,979	\$ 237,834
Lake	Calculated	\$ 2,424,297	\$ 2,624,578	\$ 2,546,221	\$ 2,548,937	\$ 2,502,050	\$ 2,454,147	\$ 2,349,579	\$ 2,385,590	\$ 2,377,834	\$ 3,522,973
Subtotal	Calculated	\$ 6,118,448	\$ 6,439,716	\$ 6,568,926	\$ 6,747,658	\$ 6,888,071	\$ 7,032,329	\$ 7,087,734	\$ 7,285,273	\$ 7,449,783	\$ 8,940,679

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Existing Debt Service**

	Fiscal Year Ending	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Existing Debt Service - Revenue Bonds</b>											
1993 Water Revenue Bond		\$ Fund 100									
Fund Used For Repayment:											
Principal Payments		\$ 355,000	\$ 375,000								
Interest Payments		\$ 31,528	\$ 10,340								
Total Payments		\$ 386,528	\$ 385,340	\$ -	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25
Coverage Required		1.25	1.25								
1999 Water/Wastewater Revenue Bond		\$ Fund 100									
Fund Used For Repayment:											
Principal Payments		\$ 374,262	\$ 387,708	\$ 396,673	\$ 419,084	\$ 437,012	\$ 454,941	\$ 475,111	\$ 495,281	\$ 519,932	
Interest Payments		\$ 171,081	\$ 155,648	\$ 139,171	\$ 121,423	\$ 102,370	\$ 82,017	\$ 60,509	\$ 37,760	\$ 12,998	
Total Payments		\$ 545,343	\$ 543,356	\$ 535,844	\$ 540,506	\$ 539,382	\$ 536,558	\$ 535,620	\$ 533,040	\$ 532,931	
Coverage Required		1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
[Other Revenue Bond #1]		\$ Fund 100									
Fund Used For Repayment:											
Principal Payments		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest Payments		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Payments		1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Coverage Required											
[Other Revenue Bond #2]		\$ Fund 100									
Fund Used For Repayment:											
Principal Payments											
Interest Payments											
Total Payments											
Coverage Required											
[Other Revenue Bond #3]		\$ Fund 100									
Fund Used For Repayment:											
Principal Payments											
Interest Payments											
Total Payments											
Coverage Required											
[Other Revenue Bond #4]		\$ Fund 100									
Fund Used For Repayment:											
Principal Payments											
Interest Payments											
Total Payments											
Coverage Required											
Total Existing Debt Service - Revenue Bonds:											
Principal Payments		\$ 729,262	\$ 762,708	\$ 396,673	\$ 419,084	\$ 437,012	\$ 454,941	\$ 475,111	\$ 495,281	\$ 519,932	\$ -
Interest Payments		\$ 202,808	\$ 165,988	\$ 139,171	\$ 121,423	\$ 102,370	\$ 82,017	\$ 60,509	\$ 37,760	\$ 12,998	\$ -
Total Payments		\$ 931,870	\$ 928,696	\$ 535,844	\$ 540,506	\$ 539,382	\$ 536,558	\$ 535,620	\$ 533,040	\$ 532,931	\$ -
Additional Coverage Required		151,166	150,671	53,584	54,051	53,938	53,696	53,562	53,304	53,293	\$ -
2008 SRF Loan		\$ Fund 100									
Fund Used For Repayment:											
Principal Payments											
Interest Payments											
Total Payments		\$ -	\$ 400,954	\$ 400,954	\$ 400,954	\$ 400,954	\$ 400,954	\$ 400,954	\$ 400,954	\$ 400,954	\$ 400,954

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Existing Debt Service**

	<i>Fiscal Year Ending</i>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>SUMMARY TOTAL OF EXISTING DEBT SERVICE</b>										
Principal Payments	\$ 729,262	\$ 762,708	\$ 555,089	\$ 674,586	\$ 698,647	\$ 722,855	\$ 749,455	\$ 776,209	\$ 807,603	\$ 294,575
Interest Payments	202,608	165,988	381,709	266,874	241,690	215,057	187,120	157,766	126,282	106,380
Total Payments	<b>\$ 931,870</b>	<b>\$ 928,696</b>	<b>\$ 936,798</b>	<b>\$ 941,461</b>	<b>\$ 940,337</b>	<b>\$ 937,912</b>	<b>\$ 936,575</b>	<b>\$ 933,995</b>	<b>\$ 933,885</b>	<b>\$ 400,954</b>
Additional Coverage Required										-
<b>Debt Finance Inputs</b>										
	<i>Fiscal Year Ending</i>	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Loans</b>										
Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Term	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years
Reserve Funding (% of Principal Issued)	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%
Issuance Cost (% of Principal Issued)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Coverage Ratio Required	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
<b>Revenue Bonds</b>										
Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Term	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years	20 Years
Reserve Funding (% of Principal Issued)	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%
Issuance Cost (% of Principal Issued)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Coverage Ratio Required	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Capital Improvement Program**

CFP (Current Dollars)	Fund	Total Cost	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Supplemental Water Supply Fund (191)												
RW Phase 1 - Treatment Improvements	191	7,500,000										
RW Phase 1 - Pipeline	191	1,900,000	1,500,000	4,000,000	2,000,000							
RW Phase 1 - LACC Retrofit	191	650,000	500,000	1,000,000	400,000							
Burnt Mill Water Storage Tank	191	520,000	200,000	225,000	225,000							
Cottage Grove Pump Station	191	1,200,000	520,000	75,000	1,000,000	125,000						
IWRP Report	191	200,000	200,000	1,500,000	100,000							
Groundwater Development Phase 2	191	1,600,000	1,500,000	100,000	100,000							
Groundwater & Groundwater Monitoring & Mgmt	191	200,000	100,000	0								
IWRP Projects (Fund 191)												
Imponed Water*	191	24,165,000	65,000	500,000	600,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
Groundwater Development Phases 3-5	191	2,400,000	1,000,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
Artificial Turf Program @ MPH & LAE	191	1,000,000	150,000	50,000	100,000	0						
Lake Augmentation - IPR*	191	0										
Water Resource Fund (190)												
Groundwater Development Phases 3-5	190	2,000,000	0	500,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Repair & Replacement Reserve Fund (120)												
Water Treatment Plant Projects	120	0	0									
Bernina WTP Generator	120	500,000										
Bernina WTP Pipeline Modifications	120	50,000										
Bernina Valves and Meter Replacements	120	190,000										
Bernina Security Upgrades	120	50,000										
Cedar Glen Security Upgrades	120	50,000										
Cedar Glen Operational Efficiency	120	130,000										
Water Pumping & Storage Projects	120	0										
North Shore Intake Generator	120	500,000										
North Shore Intake Pump Station	120	2,000,000										
Seismic Upgrades - Cedar Ridge Tank	120	40,000										
Seismic Upgrades - Potomac Tank	120	110,000										
Seismic Upgrades - Wabash Tank	120	110,000										
Seismic Upgrades - Mitty 1 Tank	120	170,000										
Seismic Upgrades - Mitty 2 Tank	120	130,000										
Demo Summit Tank	120	100,000										
Seismic Upgrades - Spyglass Tank	120	140,000										
Seismic Upgrades - Annandale Tank	120	100,000										
Seismic Upgrades - Brentwood Tank	120	140,000										
Seismic Upgrades - Amador Tank	120	120,000										
Seismic Upgrades - Matherhorn Tank	120	110,000										
Seismic Upgrades - Kodiak Tank	120	110,000										
Seismic Upgrades - Polar Tank	120	140,000										
Seismic Upgrades - Shasta Tank	120	130,000										
Seismic Upgrades - Banff Tank	120	140,000										
Seismic Upgrades - North Shore Tank	120	120,000										
Seismic Upgrades - Lakewood Tank	120	30,000										
Seismic Upgrades - Bernina 1 Tank	120	0										
Seismic Upgrades - Bernina 2 Tank	120	70,000										

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Capital Improvement Program**

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Water System Projects		0									
AMR Meter Replacement	120	1,250,000	1,250,000								
Water Facilities Master Plan	120	100,000	100,000								
District Office	120	2,400,000	25,000	380,000	400,000						
Systemwide SCADA System MP	120	510,000	0	255,000	255,000						
New Facilities Fund (111)											
Water Treatment Plant Projects	111	300,000	0								
Bermma WTP Electrical Upgrade	111	3,500,000	0								
Cedar Glen WTP 2-mgd Expansion	111	0	50,000								
Water Pumping & Storage Projects	111	0									
Cedar Ridge New Pump (fire fighting)	111	200,000									
Banff New Pump (fire fighting) & PRV	111	370,000									
Shasta New Pump (fire fighting)	111	360,000									
Amador New Pump (fire fighting)	111	380,000									
Wabash New Pumps (fire fighting)	111	700,000									
Spyglass New Pump (fire fighting)	111	340,000									
Kodiak New Pump (fire fighting)	111	380,000									
Water Line Replacement	111	0									
Tract 63 (13,000-ft)	111	400,000									
Tract 62 (6,000-ft)	111	450,000									
Tract 59 (6,000-ft)	111	450,000									
Tracts 50/51(3,000-ft)	111	225,000									
Tract 2542 (3,000-ft)	111	225,000									
Matterhorn/St. Bernard Improvements	111	40,000									
Chippewa/Shenandoah ADD Improvements	111	450,000									
Sheller Cover Fire Flow Improvements	111	10,000									
Cedar Terrace Fire Flow Improvements	111	190,000									
Improvements	111	60,000									
Emerald Drive Fire Flow Improvements	111	200,000									
Lupin Road Fire Flow Improvements	111	190,000									
Innsbruck/Cortina Fire Flow Improvements	111	10,000									
Bishorn/Crown Fire Flow Improvements	111	10,000									
Yukon Drive Fire Flow Improvements	111	10,000									
Teakwood Fire Flow Improvements	111	10,000									
Club House Fire Flow Improvements	111	80,000									
Spyglass/Fairway Fire Flow Improvements	111	100,000									
St. Anton/Zermatt Fire Flow Improvements	111	40,000									
Pyramid Drive Fire Flow Improvements	111	610,000									
Jasmine/Milky Fire Flow Improvements	111	10,000									
Pioneer/Peninsula ADD Improvements	111	930,000									
Talisman Lane Fire Flow Improvements	111	30,000									
In-house Water Line Replacement	111	6,000,000	0								
Other Water System Projects	111	70,000									
Emerald Bay Intake Fence and Alarm	111	70,000									
Total Capital Costs (Current Dollars)		\$ 70,105,000	\$ 7,035,000	\$ 9,530,000	\$ 7,425,000	\$ 6,830,000	\$ 7,105,000	\$ 6,170,000	\$ 6,580,000	\$ 6,570,000	\$ 1,410,000
											\$ 830,000

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Capital Improvement Program**

CIP (Inflated Dollars)		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Description	Fund	1.00	1.04	1.08	1.12	1.17	1.22	1.27	1.32	1.37	1.42
Supplemental Water Supply Fund (191)		\$ 1,500,000	\$ 4,160,000	\$ 2,163,200	\$ 4,160,000	\$ 4,160,000	\$ 4,160,000	\$ 4,160,000	\$ 4,160,000	\$ 4,160,000	\$ -
RW Phase 1 - Treatment Improvements	191	\$ 500,000	\$ 1,040,000	\$ 432,640	\$ 500,000	\$ 234,000	\$ 243,360	\$ -	\$ -	\$ -	\$ -
RW Phase 1 - Pipeline	191	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RW Phase 1 - LACC Retrofit	191	\$ 520,000	\$ 520,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burnt Mill Water Storage Tank	191	\$ 75,000	\$ 1,040,000	\$ 135,200	\$ 75,000	\$ 1,040,000	\$ -	\$ -	\$ -	\$ -	\$ -
Cottage Grove Pump Station	191	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IWRP Report	191	\$ 1,500,000	\$ 1,500,000	\$ 104,000	\$ 1,500,000	\$ 104,000	\$ -	\$ -	\$ -	\$ -	\$ -
Groundwater Development Phase 2	191	\$ 100,000	\$ 100,000	\$ 104,000	\$ 100,000	\$ 104,000	\$ -	\$ -	\$ -	\$ -	\$ -
Surface & Groundwater Monitoring & Mgmt	191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IWRP Projects (Fund 191)		\$ 65,000	\$ 520,000	\$ 540,800	\$ 540,800	\$ 540,800	\$ 540,800	\$ 540,800	\$ 540,800	\$ 540,800	\$ -
Imported Water*	191	\$ 624,000	\$ 624,000	\$ 648,960	\$ 648,960	\$ 648,960	\$ 648,960	\$ 648,960	\$ 648,960	\$ 648,960	\$ -
Groundwater Development Phases 3-5	191	\$ 520,000	\$ 520,000	\$ 540,800	\$ 540,800	\$ 540,800	\$ 540,800	\$ 540,800	\$ 540,800	\$ 540,800	\$ -
Artificial Turf Program @ MPH & LAE	191	\$ 50,000	\$ 104,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lake Augmentation - IPR*	191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Resource Fund (190)		\$ 500,000	\$ 312,000	\$ 324,480	\$ 337,459	\$ 350,958	\$ 364,996	\$ -	\$ -	\$ -	\$ -
Groundwater Development Phases 3-5	190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repair & Replacement Reserve Fund (120)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Treatment Plant Projects	120	\$ -	\$ -	\$ -	\$ 270,400	\$ 281,216	\$ -	\$ -	\$ -	\$ -	\$ -
Bernina WTP Generator	120	\$ -	\$ -	\$ -	\$ 56,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bernina WTP Pipeline Modifications	120	\$ -	\$ -	\$ -	\$ -	\$ 222,273	\$ -	\$ -	\$ -	\$ -	\$ -
Bernina Valves and Meter Replacements	120	\$ -	\$ -	\$ -	\$ 54,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bernina Security Upgrades	120	\$ -	\$ -	\$ -	\$ 54,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cedar Glen Security Upgrades	120	\$ -	\$ -	\$ -	\$ -	\$ 152,082	\$ -	\$ -	\$ -	\$ -	\$ -
Cedar Glen Operational Efficiency	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Pumping & Storage Projects	120	\$ -	\$ -	\$ -	\$ 270,400	\$ 281,216	\$ -	\$ -	\$ -	\$ -	\$ -
North Shore Intake Generator	120	\$ -	\$ -	\$ -	\$ 1,081,600	\$ 1,124,864	\$ -	\$ -	\$ -	\$ -	\$ -
North Shore Intake Pump Station	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Cedar Ridge Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Polomac Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Wabash Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Mittry 1 Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Mittry 2 Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demo Summit Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Spyglass Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Annandale Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Briertwood Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Amador Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Matterhorn Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Kodiak Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Polar Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Shasta Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Banff Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - North Shore Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Lakewood Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seismic Upgrades - Bernina 1 Tank	120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DLP Water Enterprise Fund (300)	311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Water System Projects		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Capital Improvement Program**

AMR Meter Replacement			\$ 1,250,000	\$ 100,000	\$ 25,000	\$ 395,200	\$ 432,640	\$ 899,891	\$ 930,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Facilities Master Plan	120		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District Office	120		\$ -	\$ -	\$ -	\$ 265,200	\$ 275,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Systemwide SCADA System MP	120		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nav F Facilities Fund (111)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Treatment Plant Projects	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bernina WTP Electrical Upgrade	111		\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cedar Glen WTP 2-mgd Expansion	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Pumping & Storage Projects	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cedar Ridge New Pump (fire fighting)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banff New Pump (fire fighting) & FRV	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shasta New Pump (fire fighting)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Anadair New Pump (fire fighting)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wabash New Pumps (fire fighting)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spyglass New Pump (fire fighting)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kodiak New Pump (fire fighting)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Line Replacement	111		\$ 400,000	\$ -	\$ -	\$ 468,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tract 63 (13,000-ft)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tract 62 (6,000-ft)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tract 59 (6,000-ft)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tracts 50/51(3,000-ft)	111		\$ -	\$ -	\$ -	\$ -	\$ 486,720	\$ -	\$ 253,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tract 2542 (3,000-ft)	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Matlernorn/St. Bernard Improvements	111		\$ -	\$ -	\$ -	\$ 10,400	\$ -	\$ -	\$ 44,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chippewal/Shenandoah ADD Improvements	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shelter Cover Fire Flow Improvements	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cedar Terrace Fire Flow Improvements	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emerald Drive Fire Flow Improvements	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lupin Road Fire Flow Improvements	111		\$ -	\$ -	\$ -	\$ 10,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Imbsntrck/Cortina Fire Flow Improvements	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yukon Drive Fire Flow Improvements	111		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Costs (Inflated Dollars)			\$ 7,035,000	\$ 9,911,200	\$ 7,955,168	\$ 7,682,821	\$ 8,300,146	\$ 6,934,922	\$ 8,186,514	\$ 8,487,760	\$ 1,929,682	\$ 469,593			

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
Capital Funding Analysis**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Capital Projects</b>										
Supplemental Water Supply Fund	\$ 4,710,000	\$ 8,450,000	\$ 4,704,960	\$ 3,937,024	\$ 6,317,236	\$ 6,569,926	\$ 6,326,595	\$ 6,579,659	\$ 1,460,684	\$ -
New Facilities Fund	450,000	488,800	486,720	764,908	327,580	-	1,467,770	-	1,231,712	\$ -
Water Resource Fund	500,000	312,000	324,480	337,459	350,953	364,996	-	-	-	\$ -
Repair & Replacement Reserve Fund	1,375,000	660,400	2,439,008	2,643,430	1,304,332	-	392,249	447,417	697,970	\$ 469,693
<b>Total Capital Projects</b>	<b>\$ 7,035,000</b>	<b>\$ 9,911,200</b>	<b>\$ 7,955,168</b>	<b>\$ 7,682,821</b>	<b>\$ 8,300,146</b>	<b>\$ 6,934,922</b>	<b>\$ 8,186,614</b>	<b>\$ 8,487,760</b>	<b>\$ 1,929,682</b>	<b>\$ 469,693</b>
<b>Funding Sources</b>										
Supplemental Supply Fee Fund	\$ 231,722	\$ 4,200,000	\$ 4,704,960	\$ 3,937,024	\$ 2,929,609	\$ 1,300,000	\$ 1,400,000	\$ 750,000	\$ -	\$ -
New Facilities Fund	450,000	488,800	486,720	764,908	327,580	-	1,467,770	535,567	226,620	\$ -
Other Fund Balances	1,875,000	972,400	2,763,488	2,980,890	5,042,977	5,634,922	5,318,844	7,202,193	1,703,062	\$ 469,693
SRF Loan	1,968,898	4,250,000	-	-	-	-	-	-	-	\$ -
SRF Grant	2,509,380	-	-	-	-	-	-	-	-	\$ -
<b>Total Sources</b>	<b>\$ 7,035,000</b>	<b>\$ 9,911,200</b>	<b>\$ 7,955,168</b>	<b>\$ 7,682,821</b>	<b>\$ 8,300,146</b>	<b>\$ 6,934,922</b>	<b>\$ 8,186,614</b>	<b>\$ 8,487,760</b>	<b>\$ 1,929,682</b>	<b>\$ 469,693</b>
<b>Revenue Bond Proceeds</b>	<b>\$ -</b>	<b>\$ 8,250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,000,000</b>	<b>\$ -</b>	<b>\$ 15,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Lake Arrowhead Community Services District  
Water Financial Planning Model  
New Debt Service**

	<i>Fiscal Year Ending</i>						2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Projected Capital Funding:</b>																
Grants / Contributions	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Loans																
Revenue Bonds																
Total Funding	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>New Debt Service</b>																
<i>Fiscal Year Ending</i>						2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
<b>Loans</b>																
Net Proceeds Required	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Plus: Issuance Costs																
Plus: Additions to Bond Reserve																
Total Amount Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest Payments																
Total Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Use of New Debt Reserve For Final Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Revenue Bonds</b>																
Net Proceeds Required	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Plus: Issuance Costs																
Plus: Additions to Bond Reserve																
Total Amount Issued	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest Payments																
Total Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Additional Coverage Required	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Use of New Debt Reserve For Final Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total New Debt Service</b>																
Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest Payments																
Total Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**Lake Arrowhead Community Services District  
Water Financial Planning Model**

**Summary of Funds Activity**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Operating Reserve Fund (Fund 100)</b>										
Beginning Balance	\$ 1,466,099	\$ 2,425,526	\$ 10,512,804	\$ 7,946,699	\$ 5,493,533	\$ 12,101,786	\$ 6,700,306	\$ 16,790,238	\$ 9,422,985	\$ 7,719,552
Sources:										
Net Cash Flow	\$ 1,032,047	\$ 976,143	\$ 721,354	\$ 616,728	\$ 743,319	\$ 328,735	\$ 15,000,000	\$ 507,394	\$ (62,988)	\$ 105,285
Debt Proceeds	-	8,250,000	-	11,000,000	-	-	-	-	-	(277,406)
Uses:										
Transfers to Other Funds										
Rate Stabilization Reserve	\$ (132,620)	\$ (514,107)	\$ (696,838)	\$ (19,035)	\$ (19,322)	\$ (19,615)	\$ (19,913)	\$ (20,218)	\$ (20,529)	\$ (20,846)
Supplemental Supply Fee Reserve	-	-	(84,335)	(337,459)	(350,958)	(5,299,926)	(4,926,595)	(5,829,659)	-	-
Water Resource Fee Reserve	-	-	-	-	-	(364,996)	-	-	-	-
New Facilities Reserve	-	(624,758)	(2,506,285)	(2,713,399)	(1,377,160)	(75,678)	(470,954)	(925,117)	(1,005,092)	(558,225)
Repair & Replacement Reserve	-	-	-	-	-	-	-	(529,270)	(733,098)	-
Ending Balance	\$ 2,425,526	\$ 10,512,804	\$ 7,946,699	\$ 5,493,533	\$ 12,101,786	\$ 6,700,306	\$ 16,790,238	\$ 9,422,985	\$ 7,719,552	\$ 6,863,075
<b>Minimum Balance</b>	<b>\$ 1,403,673</b>	<b>\$ 2,586,875</b>	<b>\$ 2,618,735</b>	<b>\$ Met</b>						

**Rate Stabilization Reserve Fund (Fund 160)**

Beginning Balance	\$ 370,400	\$ 503,020	\$ 1,017,127	\$ 1,713,966	\$ 1,733,000	\$ 1,752,322	\$ 1,771,937	\$ 1,791,851	\$ 1,812,069	\$ 1,832,598
Sources:										
Transfers from Operating Fund	\$ 132,620	\$ 514,107	\$ 696,838	\$ 19,035	\$ 19,322	\$ 19,615	\$ 19,913	\$ 20,218	\$ 20,529	\$ 20,846
Ending Balance	\$ 503,020	\$ 1,017,127	\$ 1,713,966	\$ 1,733,000	\$ 1,752,322	\$ 1,771,937	\$ 1,791,851	\$ 1,812,069	\$ 1,832,598	\$ 1,853,443
<b>Minimum Balance</b>	<b>\$ 503,020</b>	<b>\$ 1,017,127</b>	<b>\$ Met</b>							

**Supplemental Water Supply Fee Fund (Fund 191)**

Beginning Balance	\$ 5,603,315	\$ 7,671,593	\$ 5,771,593	\$ 3,166,653	\$ 1,129,609	\$ -	\$ -	\$ -	\$ -	\$ -
Sources:										
Supplemental Supply Fee Revenue	\$ 2,300,000	\$ 2,300,000	\$ 2,100,000	\$ 1,900,000	\$ 1,800,000	\$ 1,300,000	\$ 1,400,000	\$ 750,000	\$ -	\$ -
Transfers from Operating Fund	-	-	-	-	3,387,827	5,269,926	4,926,595	5,829,659	-	-
SRF Proceeds	2,509,380	-	-	-	-	-	-	-	-	-
Uses:										
Capital Expenditures	(4,710,000)	(8,450,000)	(4,704,960)	(3,937,024)	(6,317,236)	(6,569,926)	(6,326,595)	(6,579,659)	-	-
Ending Balance	\$ 5,702,695	\$ 1,521,593	\$ 3,166,633	\$ 1,129,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Minimum Balance</b>	<b>\$ Met</b>									

**Lake Arrowhead Community Services District**  
**Water Financial Planning Model**  
**Summary of Funds Activity**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Water Resource Fee Fund (Fund 190)</b>										
Beginning Balance	\$ 1,052,145	\$ 552,145	\$ 240,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sources:										
Transfers from Operating Fund	-	-	84,335	337,459	350,958	364,996	-	-	-	-
Uses:										
Capital Expenditures	\$ (500,000)	\$ (312,000)	\$ (324,480)	\$ (337,459)	\$ (350,958)	\$ (364,996)	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 552,145	\$ 240,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Minimum Balance	\$ -	\$ Met	-	\$ Met	-	\$ Met	-	\$ Met	-	\$ Met
<b>New Facilities Fund (Fund 111)</b>										
Beginning Balance	\$ 2,708,365	\$ 2,484,985	\$ 2,222,805	\$ 1,962,705	\$ 1,424,417	\$ 1,323,477	\$ 1,550,097	\$ 308,947	\$ -	\$ -
Sources:										
Transfers from Operating Fund	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 226,620	\$ 925,117	\$ 1,005,092	\$ 226,620
Connection Charges	-	-	-	-	-	-	-	226,620	226,620	226,620
Uses:										
Capital Expenditures	\$ (450,000)	\$ (488,800)	\$ (486,720)	\$ (764,908)	\$ (327,560)	\$ -	\$ (1,467,770)	\$ (1,460,684)	\$ (1,231,712)	\$ -
Ending Balance	\$ 2,484,985	\$ 2,222,805	\$ 1,962,705	\$ 1,424,417	\$ 1,323,477	\$ 1,550,097	\$ 308,947	\$ -	\$ -	\$ 226,620
Minimum Balance	\$ -	\$ Met	-	\$ Met	-	\$ Met	-	\$ Met	-	\$ Met
<b>Repair &amp; Replacement Reserve Fund (Fund 120)</b>										
Beginning Balance	\$ 3,092,578	\$ 1,717,578	\$ 1,681,936	\$ 1,749,213	\$ 1,819,182	\$ 1,891,949	\$ 1,967,627	\$ 2,046,332	\$ 2,128,185	\$ 2,213,313
Sources:										
Transfers from Operating Fund	\$ -	\$ 624,758	\$ 2,506,285	\$ 2,713,399	\$ 1,377,160	\$ 75,678	\$ 470,954	\$ 529,270	\$ 783,098	\$ 558,225
Rate Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-
Uses:										
Capital Expenditures	\$ (1,375,000)	\$ (660,400)	\$ (2,439,008)	\$ (2,643,430)	\$ (1,304,392)	\$ -	\$ (392,249)	\$ (447,417)	\$ (697,970)	\$ (469,693)
Ending Balance	\$ 1,717,578	\$ 1,681,936	\$ 1,749,213	\$ 1,819,182	\$ 1,891,949	\$ 1,967,627	\$ 2,046,332	\$ 2,128,185	\$ 2,213,313	\$ 2,301,845
Minimum Balance	\$ 1,617,246	\$ 1,661,936	\$ 1,749,213	\$ 1,819,182	\$ 1,891,949	\$ 1,967,627	\$ 2,046,332	\$ 2,128,185	\$ 2,213,313	\$ 2,301,845

**Lake Arrowhead Community Services District  
Water Financial Planning Model**

**Summary of Funds Activity**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Summary of Fund Balances</b>										
<b>Beginning Fund Balances</b>	\$ 14,292,902	\$ 15,354,847	\$ 21,446,410	\$ 16,539,216	\$ 11,599,742	\$ 17,069,535	\$ 11,989,968	\$ 20,937,368	\$ 13,363,239	\$ 11,765,462
Operating Reserve Fund (Fund 100)	\$ 1,466,099	\$ 2,425,526	\$ 10,512,804	\$ 7,946,699	\$ 5,493,533	\$ 12,101,786	\$ 6,700,306	\$ 16,790,238	\$ 9,422,985	\$ 7,719,562
Rate Stabilization Reserve Fund (Fund 160)	\$ 370,400	\$ 503,020	\$ 1,017,127	\$ 1,713,966	\$ 1,733,000	\$ 1,752,322	\$ 1,771,937	\$ 1,791,851	\$ 1,812,069	\$ 1,832,598
Supplemental Water Supply Fee Fund (Fund 191)	\$ 5,603,315	\$ 7,671,593	\$ 5,771,593	\$ 3,166,633	\$ 1,129,609	-	-	-	-	-
Water Resource Fee Fund (Fund 190)	\$ 1,052,145	\$ 532,145	\$ 240,145	-	\$ 1,962,705	\$ 1,424,417	\$ 1,323,477	\$ 1,550,097	\$ 308,947	-
New Facilities Fund (Fund 111)	\$ 2,708,365	\$ 2,484,985	\$ 2,222,805	\$ 1,906,410	\$ 1,819,182	\$ 1,891,949	\$ 1,967,627	\$ 2,046,332	\$ 2,128,185	-
Repair & Replacement Reserve Fund (Fund 120)	\$ 3,092,578	\$ 1,717,578	\$ 1,681,936	\$ 1,749,213	\$ 1,749,213	\$ 1,749,213	\$ 1,891,949	\$ 1,967,627	\$ 2,046,332	\$ 2,213,313
<b>Ending Fund Balances</b>	\$ 13,385,949	\$ 17,196,410	\$ 16,539,216	\$ 11,599,742	\$ 17,069,535	\$ 11,989,968	\$ 20,937,368	\$ 13,363,239	\$ 11,765,462	\$ 11,244,983
Operating Reserve Fund (Fund 100)	\$ 2,425,526	\$ 10,512,804	\$ 7,946,699	\$ 5,493,533	\$ 12,101,786	\$ 6,700,306	\$ 16,790,238	\$ 9,422,985	\$ 7,719,562	\$ 6,863,075
Rate Stabilization Reserve Fund (Fund 160)	\$ 503,020	\$ 1,017,127	\$ 1,713,966	\$ 1,733,000	\$ 1,752,322	\$ 1,771,937	\$ 1,791,851	\$ 1,812,069	\$ 1,832,598	\$ 1,853,443
Water Resource Fee Fund (Fund 190)	\$ 552,145	\$ 240,145	-	\$ 1,962,705	\$ 1,424,417	\$ 1,323,477	\$ 1,550,097	\$ 308,947	-	-
New Facilities Fund (Fund 111)	\$ 2,484,985	\$ 2,222,805	\$ 1,906,410	\$ 1,819,182	\$ 1,891,949	\$ 1,967,627	\$ 2,046,332	\$ 2,128,185	\$ 2,213,313	\$ 2,301,845
Repair & Replacement Reserve Fund (Fund 120)	\$ 1,717,578	\$ 1,681,936	\$ 1,749,213	\$ 1,749,213	\$ 1,749,213	\$ 1,749,213	\$ 1,891,949	\$ 1,967,627	\$ 2,046,332	\$ 2,213,313
<b>Change in Fund Balances</b>	\$ (905,953)	\$ 1,841,563	\$ (4,907,194)	\$ (4,939,473)	\$ 5,469,792	\$ (5,079,567)	\$ 8,947,400	\$ (7,574,128)	\$ (1,597,777)	\$ (520,479)
<b>Target Minimum Balance</b>	\$ 3,523,939	\$ 5,285,938	\$ 6,081,914	\$ 6,214,988	\$ 6,341,700	\$ 6,472,563	\$ 6,584,893	\$ 6,730,691	\$ 6,881,843	\$ 7,358,840
<b>Ending Fund Balance</b>	\$ 13,385,949 + \$ 17,196,410	\$ 16,539,216	\$ 11,599,742	\$ 17,069,535	\$ 11,989,968	\$ 20,937,368	\$ 13,363,239	\$ 11,765,462	\$ 11,244,983	

**Lake Arrowhead Community Services District**  
**Water Cost-of-Service Model**  
**Allocation of Costs to Functions of Service**

Rate Design Year

FYE 2009

Allocation of Plant-In-Service	Original Cost as of FYE 2005	Customer	Base Capacity	Peak Capacity	Fire Protection	As All Other	Total	Notes
Automobiles	\$ 284,223	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Computers & Office Equipment	\$ 984,861	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Heavy Equipment	\$ 655,301	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Light Equipment	\$ 23,488	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Meters	\$ 3,313,634	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00% All To Customer
Pump Stations	\$ 973,724	0.00%	0.00%	26.47%	63.53%	10.00%	0.00%	100.00% 10% Fire; Rest Split Between Base / Peak Ratio
Pipelines	\$ 6,787,962	0.00%	0.00%	26.47%	63.53%	10.00%	0.00%	100.00% 10% Fire; Rest Split Between Base / Peak Ratio
Land	\$ 52,337	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Structures & Improvements	\$ 3,143,630	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Supplies & Small Equipment	\$ 270,733	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Tanks	\$ 1,250,180	0.00%	0.00%	60.07%	16.62%	23.32%	0.00%	100.00% Storage Analysis
Treatment Plants	\$ 8,070,989	0.00%	23.41%	70.59%	0.00%	0.00%	100.00%	Split Between Base / Peak Ratio
Wells/Supply	\$ 2,398,622	0.00%	3,313,934	\$ 5,887,489	\$ 12,535,346	\$ 1,067,652	\$ 5,415,173	\$ 28,219,593
Total	\$ 28,219,593	\$ -	\$ 7,866,932	\$ 1,398,052	\$ 2,976,663	\$ 253,526	\$ (5,415,173)	\$ -
Reallocation of "As All Other" Assets	\$ -	\$ 4,100,866	\$ 7,285,541	\$ 15,512,009	\$ 1,321,178	\$ -	\$ -	\$ -
Reallocated Total	\$ 28,219,593	\$ -	\$ 14,53%	25.82%	\$ 54,97%	4.68%	0.00%	\$ -
Percent of Total	100.00%							

Allocation of Capital Costs	FYE 2009	Customer	Base Capacity	Peak Capacity	Fire Protection	As All Other	Total	Notes
Existing Debt Service	\$ 928,636	14.53%	25.82%	54.97%	4.68%	0.00%	100.00%	Allocated As Plant-In-Service
New Debt Service	\$ -	14.53%	25.82%	54.97%	4.68%	0.00%	100.00%	Allocated As Plant-In-Service
System Reinvestment Funding	\$ 928,636	\$ 134,956	\$ 239,764	\$ 510,494	\$ 43,479	\$ -	\$ 928,636	Total
Total	\$ 928,636	\$ -	\$ 134,956	\$ 239,764	\$ 510,494	\$ 43,479	\$ -	-
Reallocation of "As All Other" Assets	\$ -	\$ 134,956	\$ 239,764	\$ 510,494	\$ 43,479	\$ -	\$ -	-
Reallocated Total	\$ 928,636	\$ 100.00%	\$ 14.53%	25.82%	\$ 54,97%	4.68%	0.00%	-
Percent of Total	100.00%							

**Lake Arrowhead Community Services District**  
**Water Cost-of-Service Model**  
**Allocation of Costs to Functions of Service**

Allocation of Operating Costs	FYE 2009	Customer	Base Capacity	Peak Capacity	Fire Protection	As All Other	Total	Notes
<b>Operations</b>								
Administration	\$ 95,805	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Repair and Maintenance	\$ 146,597	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Treatment Plants	\$ 525,314	0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Treatment Plant
Supplemental Water Treatment	\$ 159,002	0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Treatment Plant
Pump Stations	\$ 316,321	0.00%	26.47%	63.53%	10.00%	0.00%	100.00%	As Pumping Plant
<b>Subtotal</b>	<b>\$ 1,303,039</b>							
<b>Physical Plant Maintenance</b>	<b>\$ 216,926</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>As All Other</b>
<b>Distribution Maintenance</b>	<b>\$ 287,689</b>	<b>0.00%</b>	<b>26.47%</b>	<b>63.53%</b>	<b>10.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>As Pipelines</b>
Administration	\$ 53,359	0.00%	26.47%	63.53%	10.00%	0.00%	100.00%	As Pipelines
Distribution Preventative Maintenance	\$ 252,333	0.00%	26.47%	63.53%	10.00%	0.00%	100.00%	As Pipelines
Distribution Repairs	\$ 104,188	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	All To Customer
Distribution Service Orders	\$ 94,941	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	All To Customer
<b>Subtotal</b>	<b>\$ 792,510</b>							
<b>Administrative Services</b>								
General Administration	\$ 397,745	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Meter Reading	\$ 83,778	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	All To Customer
Customer Service	\$ 109,348	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	All To Customer
Public Information and Outreach	\$ 40,448	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	All To Customer
Finance	\$ 271,336	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	Allocated As Plant-In-Service
Personnel & Risk Management	\$ 164,555	14.53%	25.82%	54.97%	4.68%	0.00%	100.00%	Allocated As Plant-In-Service
Information Technology	\$ 50,234	14.53%	25.82%	54.97%	4.68%	0.00%	100.00%	Allocated As Plant-In-Service
Board Administration	\$ 99,665	14.53%	25.82%	54.97%	4.68%	0.00%	100.00%	Allocated As Plant-In-Service
<b>Subtotal</b>	<b>\$ 1,218,309</b>							
<b>Engineering</b>								
Water Purchases and Related Exp.	\$ 160,932	14.53%	25.82%	54.97%	4.68%	0.00%	100.00%	Allocated As Plant-In-Service
<b>Water Purchases and Related Exp.</b>								
Water Purchases - CLAVA I	\$ 1,988,000	0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
Water Purchases - CLAVA II		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
Deposits for Future Water Purchases		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
Water Conservation - Rebate Program	\$ 207,000	0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
Water Conservation - Ongoing Programs	\$ 334,993	0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
<b>Subtotal</b>	<b>\$ 2,529,993</b>							
<b>IWRP Annual Operating Costs</b>								
CLAVA I		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
CLAVA II		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
Groundwater		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
WUE		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
Recycled Water		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
IPR		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
Lake		0.00%	29.41%	70.59%	0.00%	0.00%	100.00%	As Wells/Supply
<b>Subtotal</b>	<b>\$ 208,007</b>							
<b>Total</b>	<b>\$ 6,429,716</b>		<b>\$ 774,322</b>	<b>\$ 1,385,981</b>	<b>\$ 3,293,113</b>	<b>\$ 119,227</b>	<b>\$ 857,073</b>	<b>\$ 6,429,716</b>
Relocation of "As All Other" Expenses	\$ -		\$ 119,691	\$ 213,164	\$ 506,481	\$ 18,337	\$ (857,073)	
<b>Reallocated Total</b>	<b>\$ 6,429,716</b>		<b>\$ 893,412</b>	<b>\$ 1,589,145</b>	<b>\$ 3,799,594</b>	<b>\$ 137,564</b>	<b>\$ -</b>	
<b>Percent of Total</b>	<b>100.00%</b>		<b>13.90%</b>	<b>24.87%</b>	<b>59.09%</b>	<b>2.14%</b>	<b>0.09%</b>	

**Lake Arrowhead Community Services District**  
**Water Cost-of-Service Model**  
**Allocation of Costs to Functions of Service**

Rate Revenue Requirement	FYE 2009	Customer	Base Capacity	Peak Capacity	Fire Protection	As All Other	Total	Notes
Operating Costs	\$ 6,129,716	13.90%	24.87%	59.09%	2.14%	0.00%	100.00%	See Above Allocation of Operating Costs
Capital Costs	\$ 928,896	14.53%	25.82%	54.97%	4.68%	0.00%	100.00%	See Above Allocation of Capital Costs
Less: Interest Income	(428,788)	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Less: Other Non-Rate Income	(394,472)	13.90%	24.87%	59.09%	2.14%	0.00%	100.00%	As Operating Costs
Less: Water Resource Fee	(311,400)	13.90%	24.87%	59.09%	2.14%	0.00%	100.00%	As Operating Costs
Less: Supplemental Water Supply Fee	(3,517,904)	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As Wells/Supply
Less: Capital Contributions	(226,620)	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Plus: Capital Transfers Out	1,548,517	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Less: Rate Implementation Lag Loss		0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Net Cash Flow After Rate Adjustments	\$ 619,013	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Coverage Requirements Driving Rate Adjustments	\$ 271,061	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	As All Other
Total	\$ 4,917,318	\$ 930,289	\$ 628,673	\$ 1,409,732	\$ 165,941	\$ 1,783,182	\$ 4,917,818	As All Other
Reallocated of "As All Other" Expenses	\$ 4,917,818	\$ 1,459,497	\$ 986,303	\$ 801,946	\$ 94,398	\$ (1,783,182)	-	
<b>Reallocated Total</b>	<b>\$ 100.00%</b>	<b>29.68%</b>	<b>20.06%</b>	<b>22.11,678</b>	<b>\$ 260,339</b>	<b>\$ 5.29%</b>	<b>0.00%</b>	
<b>Percent of Total</b>								

**Lake Arrowhead Community Services District**  
**Water Cost-of-Service Model**  
**Allocation of Costs to Functions of Service**

Function	MILLION GALLONS OF	FUNCTIONS OF WATER SERVICE				AS ALL OTHERS	TOTAL	ALLOCATION BASIS
		CUSTOMER	METERS & SERVICES	BASE	PEAK			
Operational Storage	5.01	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	All to Base
Equalizing Storage	2.22	0.00%	0.00%	0.00%	29.41%	100.00%	0.00%	All to Peak
Emergency (Standby) Storage	2.20	0.00%	0.00%	0.00%	0.00%	70.59%	0.00%	Peak/Average Day Ratio
Fire Suppression						0.00%	100.00%	All to Fire
<b>TOTAL STORAGE</b>	<b>9.42</b>	<b>0.00%</b>	<b>0.00%</b>	<b>60.07%</b>	<b>16.62%</b>	<b>23.32%</b>	<b>0.00%</b>	<b>100.00%</b>
								Normal storage data from manager q.7 in q.R

**Lake Arrowhead Community Services District  
Water Cost-of-Service Model  
Allocation of Costs to Customer Classes**

Rate Design Year

FYE 2009

2009 Customer Statistics		Residential [R]	Commercial [C]	Institutional [IN]	Residential	Commercial	Fire Protection	Total
					Irrigation [IRR]	Irrigation [IRC]	[FP]	
Number of Accounts	7,397	111	30	70	12	626	8,247	
Number of MCEs	8,102	515	139	144	44	1,571	10,515	
Annual Water Usage	614,092 ccf	66,756 ccf	14,216 ccf	15,148 ccf	4,803 ccf	26,816 ccf	741,831 ccf	
Winter Water Usage	216,817 ccf	23,642 ccf	3,544 ccf	1,878 ccf	795 ccf	8,593 ccf	255,288 ccf	
Summer Water Usage	397,274 ccf	43,114 ccf	10,673 ccf	13,270 ccf	4,008 ccf	18,223 ccf	486,563 ccf	
Incremental Summer Usage	242,405 ccf	26,227 ccf	8,142 ccf	11,929 ccf	3,440 ccf	12,085 ccf	304,228 ccf	

Customer Cost Allocation		Residential [R]	Commercial [C]	Institutional [IN]	Residential	Commercial	Fire Protection	Total
	Number of MCEs				Irrigation [IRR]	Irrigation [IRC]	[FP]	
Allocation Basis:								
Number of MCEs	8,102	515	139	144	44	1,571	10,515	
Allocation Adjustment Factor	1.0	1.0	1.0	1.0	1.0	0.0	0.0	
Adjusted Number of MCEs	8,102	515	139	144	44	0	8,944	
<b>Allocated Customer Costs</b>	<b>\$ 1,322,145</b>	<b>\$ 84,053</b>	<b>\$ 22,627</b>	<b>\$ 23,465</b>	<b>\$ 7,207</b>	<b>\$ -</b>	<b>\$ 1,459,497</b>	
	90.59%	5.76%	1.55%	1.61%	0.49%	0.00%	100.00%	

Base Capacity Cost Allocation		Residential [R]	Commercial [C]	Institutional [IN]	Residential	Commercial	Fire Protection	Total
	Annual Water Usage				Irrigation [IRR]	Irrigation [IRC]	[FP]	
Allocation Basis:								
Annual Water Usage (ccf)	614,092	66,756	14,216	15,148	4,803	26,816	741,831	
Allocation Adjustment Factor	1.0	1.0	1.0	1.0	1.0	0.0	0.0	
Adjusted Annual Water Usage (ccf)	614,092	66,756	14,216	15,148	4,803	0	715,015	
<b>Allocated Customer Costs</b>	<b>\$ 847,088</b>	<b>\$ 92,085</b>	<b>\$ 19,610</b>	<b>\$ 20,895</b>	<b>\$ 6,625</b>	<b>\$ -</b>	<b>\$ 986,303</b>	
	85.89%	9.34%	1.99%	2.12%	0.67%	0.00%	100.00%	

Peak Capacity Cost Allocation		Residential [R]	Commercial [C]	Institutional [IN]	Residential	Commercial	Fire Protection	Total
	Summer Water Usage				Irrigation [IRR]	Irrigation [IRC]	[FP]	
Allocation Basis:								
Summer Water Usage (ccf)	397,274	43,114	10,673	13,270	4,008	18,223	486,563	
Allocation Adjustment Factor	1.00	1.00	1.00	1.00	1.00	0.0	0.0	
Adjusted Summer Water Usage (ccf)	397,274	43,114	10,673	13,270	4,008	0	468,340	
<b>Allocated Customer Costs</b>	<b>\$ 1,376,082</b>	<b>\$ 203,602</b>	<b>\$ 50,401</b>	<b>\$ 62,668</b>	<b>\$ 18,926</b>	<b>\$ -</b>	<b>\$ 2,211,678</b>	
	84.83%	9.21%	2.28%	2.83%	0.86%	0.00%	100.00%	

**Lake Arrowhead Community Services District  
Water Cost-of-Service Model  
Allocation of Costs to Customer Classes**

Rate Design Year

FYE 2009

Fire Protection Cost Allocation		Residential [R]		Commercial [C]		Institutional [IN]		Residential Irrigation [IRR]		Commercial Irrigation [IRC]		Fire Protection [FP]		Total	
Allocation Basis:	Number of MCEs														
Number of MCEs	8,102			515		139		144		44		1,571		10,515	
Allocation Adjustment Factor	1.0			1.7		2.0		0.0		0.0		0.0			
Adjusted Number of MCEs	8,102			858		277		0		0		0			9,238
<b>Allocated Customer Costs</b>	<b>\$ 228,331</b>			<b>\$ 24,193</b>		<b>\$ 7,815</b>		<b>\$ -</b>		<b>\$ -</b>		<b>\$ -</b>		<b>\$ 260,339</b>	
	87.71%			9.29%		3.00%		0.00%		0.00%		0.00%		100.00%	
2009 Cost Allocation Summary		Residential [R]		Commercial [C]		Institutional [IN]		Residential Irrigation [IRR]		Commercial Irrigation [IRC]		Fire Protection [FP]		Total	
Customer Costs	\$ 1,322,145			\$ 84,053		\$ 22,627		\$ 23,465		\$ 7,207		\$ -		\$ 1,459,497	
Base Capacity Costs	\$ 847,088			\$ 92,085		\$ 19,610		\$ 20,895		\$ 6,625		\$ -		\$ 986,303	
Peak Capacity Costs	\$ 1,876,082			\$ 203,602		\$ 50,401		\$ 62,668		\$ 18,926		\$ -		\$ 2,211,678	
Fire Protection Costs	\$ 228,331			\$ 24,193		\$ 7,815		\$ -		\$ -		\$ -		\$ 260,339	
<b>Total</b>	<b>\$ 4,273,646</b>			<b>\$ 403,933</b>		<b>\$ 100,453</b>		<b>\$ 107,028</b>		<b>\$ 32,758</b>		<b>\$ -</b>		<b>\$ 4,917,818</b>	
	86.90%			8.21%		2.04%		2.18%		0.67%		0.00%		100.00%	
Cost of Service Summary		Residential [R]		Commercial [C]		Institutional [IN]		Residential Irrigation [IRR]		Commercial Irrigation [IRC]		Fire Protection [FP]		Total	
Current Revenue Collected	\$ 4,080,313			\$ 372,489		\$ 67,180		\$ 99,721		\$ 27,054		\$ -		\$ 4,646,757	
Cost of Service Results	\$ 4,325,034			\$ 405,420		\$ 100,885		\$ 107,719		\$ 32,973		\$ -		\$ 4,972,030	
<b>Difference</b>	<b>\$ 244,720</b>			<b>\$ 32,931</b>		<b>\$ 33,705</b>		<b>\$ 7,998</b>		<b>\$ 5,919</b>		<b>\$ -</b>		<b>\$ 325,273</b>	
	6.00%			8.84%		50.17%		8.02%		21.85%		7.00% <sup>a</sup>			
Customer Class		Distribution of Revenue Existing Rates		Shift in Revenue Burden from Cost of Service Findings		Difference in Rates									
Residential		87.81%		86.99%		-0.82%									
Commercial/Institutional		9.46%		10.18%		0.72%									
Res & Comm Irrigation		2.73%		2.83%		0.10%									
<b>Total</b>		<b>100%</b>													